

MICHIGAN AERONAUTICS COMMISSION

Minutes of Meeting
Lansing, Michigan
January 25, 2012

Pursuant to Section 31 of Act 327 of the Public Acts of 1945, the Commissioners of the Michigan Aeronautics Commission (MAC), created by said act, met at the Aeronautics Building in Lansing, Michigan, on Wednesday, January 25, 2012, commencing at the hour of approximately 10:00 a.m.

Members Present

Russ Kavalhuna, Chair
J. David VanderVeen, Vice Chair
Sidney Adams, Commissioner
James Collins, Commissioner
Pete Kamarainen, Commissioner
Scott Heather, Designee – MDNRE
Robert Johnston, Designee – DMVA
Mick Reilly, Legal Counsel
Mike Trout, Director

Members Absent

Dan Atkinson, Designee – MSP
Laura Mester – MDOT

Staff Present

Carol Aldrich
Dave Baker
Neal Barncard
Matt Brinker
Rick Carlson
Randy Coller
Kelly Crannell
Jennifer Forbes
Rick Hammond
Leanne Hengesbach
Chip Kraus
Pauline Misjak
Mark Noel
John Orban
Ralph Sims
Linn Smith
Betsy Steudle
Anu Taneja
Lorraine White

Also Present

Larry Bowron, Battle Creek
Ron Engel, Mead & Hunt
Janet Foran, MDOT Communications
Eric Jaroch, Roscommon County HTL
Mark Johnson, Livingston County
Kelly Jost, C&S
Ron Lebbon, QoE Consulting
Kent Maurer, Jackson County Airport
John Mayfield, FAA
Jeff Nagel, MBS Airport
Jon Ogar, MDOT Communications
Karl Randall, KPTK
John Strehl, Antrim County Airport
Steve Wellman, Jackson County Airport
Stephen Zelle, MAOPA



I. OPENING REMARKS

The January 25, 2012 Michigan Aeronautics Meeting was called to order by Chairman Russ Kavalhuna at 10:04 a.m. Roll call was taken; Commissioners Atkinson and Mester were absent.

Chairman Kavalhuna spoke of a recent letter he received from Larry Bowron, Transportation Director for the City of Battle Creek, in response to the November, 2011 meeting in which we discussed an off-site venue for the May 16, 2012 meeting. The letter from Mr. Bowron invited the Commission to hold their meeting at the Battle Creek WK Kellogg Airport. Chairman Kavalhuna announced that we will accept the offer and hold the May 16 meeting in Battle Creek. Details will be forthcoming from Director Trout's office. We will have the commission meeting, tour, and interaction with local officials available.

II. COMMISSION BUSINESS

A. Chairman Kavalhuna asked if there were any changes to the minutes of the November 25, 2011 meeting. There were none. He entertained a motion to adopt the minutes. Moved by Commissioner Adams and supported by Vice Chair VanderVeen to adopt the minutes. The motion passed unanimously.

B. Chairman Kavalhuna asked Mr. David Baker to present the 32 airport contracts. Mr. Baker indicated that we have not yet secured the federal funds for these contracts, but the approvals will be done in anticipation of the receipt of the available funds, hopefully by the time of construction season.

1. Padgham Field, Allegan
2. Gratiot Community Airport, Alma
3. Wexford County Airport, Cadillac
4. Fitch H. Beach Municipal Airport, Charlotte

Chairman Kavalhuna confirmed that litigation concerning the Fitch H. Beach Municipal Airport in Charlotte went to a jury trial. Mr. Baker responded, saying that is correct. Chairman Kavalhuna then asked who represented the state in the case. Mr. Baker said that no one represented the state; the attorney for the City of Charlotte defended the lawsuit against the condemnation action.

This conversation led to Chairman Kavalhuna's question about the Beaver Island Airport, from the November, 2011 meeting. He asked if that case is being compared to the Charlotte case. Mr. Baker responded saying it was similar, but smaller in scope; he also cited the differences.

Chairman Kavalhuna had additional questions on the Beaver Island Airport; at the November meeting we expected an extensive judgment that hadn't reached formal



judgment. Mr. Baker indicated that we had not received the final paperwork at that time however it now has been received.

5. Clare Municipal Airport, Clare
6. Branch County Memorial Airport, Coldwater
7. Delta County Airport, Escanaba
8. Fremont Municipal Airport, Fremont
9. Gaylord Regional Airport, Gaylord
10. Gerald R. Ford International Airport, Grand Rapids
11. Houghton County Memorial Airport, Hancock
12. Harbor Springs Municipal Airport, Harbor Springs

Vice Chair VanderVeen asked where the Harbor Springs Municipal Airport is not in compliance with FAA standards. Mr. Baker indicated their RPZ is not in compliance, they have various and sundry different easements, their runway safety area, etc. Vice Chair VanderVeen asked if there were safety issues involved. Mr. Baker said not safety issues, per se; it just doesn't meet the federal standards. Vice Chair VanderVeen asked if we are in jeopardy of losing federal funds; Mr. Baker said no. Mr. Baker discussed the process involved.

13. Livingston County – Spencer J. Hardy Airport, Howell
14. Gogebic-Iron County Airport, Ironwood
15. Ford Airport, Iron Mountain
16. Kalamazoo/Battle Creek International Airport, Kalamazoo
17. Lakeview – Griffith Field, Lakeview
18. Capital Region International Airport, Lansing
19. Manistee County – Blacker Airport, Manistee
20. Marlette Township Airport, Marlette
21. Custer Field Airport, Monroe
22. Mt. Pleasant Municipal Airport, Mt Pleasant
23. Muskegon County Airport, Muskegon
24. Oscoda-Wurtsmith Airport, Oscoda
25. Owosso Community Airport, Owosso
26. Canton-Plymouth-Mettetal Airport, Plymouth
27. Oakland County International Airport, Pontiac
28. St. Clair County International Airport, Port Huron
29. Saginaw County H.W. Browne Airport, Saginaw
30. MBS International Airport, Saginaw
31. Mackinac County Airport, St. Ignace
32. Statewide

Chairman Kavalhuna indicated that Vice Chair VanderVeen, to avoid a conflict of interest, will abstain from the vote on contracts with the Oakland County International Airport. He entertained a motion to approve the 32 contract requests. Moved by Vice Chair VanderVeen and supported by Commissioner Collins to



approve all sponsor contract items except item 27 for the Oakland County International Airport. The motion was approved unanimously.

Moved by Commissioner Adams and supported by Commissioner Kamarainen to approve sponsor contract 27 for the Oakland County International Airport. The motion was approved unanimously, with Vice Chair VanderVeen abstaining.

Chairman Kavalhuna asked Mr. Baker to present the Supplemental Transfer for the St. Clair County International Airport in Port Huron. Information is found under the report section of the Commissioner's books. No action is required.

C. Airport Approach Plan – Bauer's Field, Reese.

Chairman Kavalhuna asked Mr. Linn Smith to give this report.

Two different airport approach plans will be discussed; however each are approved under a different section of the law. Starting with Bauer's Field in Reese, Michigan, the private airport owner decided to change this to a public use airport. It was inspected and licensed by this office. An airport approach plan was created; that plan includes land use and height restrictions. The height restrictions are similar to the Michigan Tall Structures Act; the land use zones are consistent with what we have approved for all other public use airports in Michigan, based on the size and length of runway. If this plan is approved we will ask the airport owner to file this plan with the local municipality that has zoning; it won't change the existing zoning, but it relates back to the Zoning Enabling Act, that the city, village, township, and counties abide by. It says the airport approach plan shall be included in the next master plan update. The existing zoning can stay as is, but any future zoning requests cannot become any more inconsistent with the plan. We have a land use plan and a height plan for every airport in our system that is licensed for public use; this airport goes along with that plan. He asked the Commission for approval under Section 151 of the Aeronautics Code.

Chairman Kavalhuna indicated his support for the plan but first asked for clarification on the term future zoning request. Mr. Smith gave a hypothetical situation in which this would apply. Chairman Kavalhuna then asked if that includes both the local authority's rezoning of the entire area, and an individual owner's request for a variance. Mr. Smith responded saying everything relates back to the zoning enabling act that requires the incorporation of this into the master plan, which also is in Public Act 33. Even if there wasn't a property owner request, the township could not go on their own in their next zoning update and rezone the property to become any more inconsistent.

Chairman Kavalhuna asked if this request is to approve the plan for Reese, Bauer Field. This is correct. He entertained a motion to approve the plan as reported by Mr. Smith. Moved by Commissioner Adams and supported by Vice Chair VanderVeen to approve the plan as reported. The motion was approved unanimously.



D. Updated Airport Approach Plan – Bishop International Airport, Flint

Chairman Kavalhuna asked Mr. Smith to give his report.

Mr. Smith began this report saying the Bishop International Airport in Flint has an airport zoning ordinance which is adopted under Michigan's Airport Zoning Act. These ordinances allow the airport, airport owner, or the municipalities around the airport to adopt the zoning ordinance, specific to the airport. Generally speaking, those airport zoning ordinances will reach a 10 mile radius around the airport. In this situation, they have a 10 mile hazard area; this ordinance was adopted in the 1950s, after the Airport Zoning Act became law. It was then re-approved in 1998 after a wholesale change. This is an amendment for just one portion of that airport zoning ordinance. The Commission's role in airport zoning ordinances is to approve an airport approach plan very similar to that just approved for Bauer's Field in Reese. But this airport approach plan is then used to formulate an ordinance so that a municipality cannot set their own height restrictions in respect to the airport. This Commission gives them the airport approach plan height restriction and land uses that shall be included for the airport. In this situation, when the airport has federal funds involved and has an airport layout plan, the approach surfaces will be consistent with the federal and state airspace requirement.

After reviewing this ordinance, we found that the approach surface for runway 18 in Flint was not consistent with the airport layout plan. The request is to modify their existing airport approach plan to become consistent with their airport layout plan. There was a public hearing on this issue with the joint airport zoning board that administers this ordinance; there was no objection. At this time Mr. Smith requested the Commission to approve the modified airport approach plan for Bishop Airport in Flint.

Chairman Kavalhuna entertained a motion to approve the plan as reported. Moved by Commissioner Collins and supported by Commissioner Adams to approve the updated airport approach plan for Bishop International Airport in Flint, as reported. The motion was approved unanimously.

Chairman Kavalhuna went off agenda to ask Mr. Smith to report on Wind Turbines, originally scheduled later on the agenda.

Mr. Smith indicated that in 2008, we received 186 applications for wind turbines; we received 1286 in 2011. To put that into perspective, in 2008, including cell phone towers, buildings, and wind turbines we had 1300 applications. These wind turbines are generally 430 to 490 feet tall, which are large scale projects.

He outlined the number of wind turbines and wind farms currently in the state, and outlined the review process; adding information on the number of applications received for new farms around the state, which are pushing the limits of our airspace protection.

Mr. Smith mentioned that Michigan is not alone in the wind turbine area; he displayed a map of surrounding states showing turbines in Illinois, Indiana and Ohio.



These turbines fall into the same category as cell phone towers. When we conduct airspace analysis, we don't look at structure use, we look at a point in space, which is the way that all existing airspace laws work. We don't have density or use regulations. The approval or denial is based on whether it will be a hazard to air navigation. He discussed the FAA's role and process in respect to airspace approval requests.

Mr. Smith pointed out that all the turbines being built to date are less than 500 feet above ground level; if over 500 feet, the regulations are different. We continue to work with developers to have turbines less than 500 feet, for that reason. The public can apply under the Michigan Tall Structures Act; the information is on our webpage. The FAA also has an on-line filing system. We have 38 airports in the state that are actively involved in airport zoning. There are other airports that have an inactive zoning ordinance; he is helping them become more active in the process. The MAC approves those height regulations. Our role is to start at the beginning of the projects for public awareness, to make sure the developers understand the unique airspace rules in Michigan. We will make a presentation at conferences when invited, to give an update, so they are not spending all their resources, i.e. maybe buying land that will never be used for wind turbines. We will give them our screening criteria early in the process. We also will assist applicants with the FAA process and the local zoning process. We are here to assist in finding viable projects that are compatible with our airspace under the Tall Structures Act.

Public Act 295 of 2008, which was signed into law by former Governor Granholm, requires 10 percent renewable energy usage by power companies by the year 2015. That is why we have seen a steady incline in wind turbine applications.

Another issue that we're seeing involves political subdivisions that don't have local zoning ordinances. They have no way to object to wind turbines except if maybe they own an airport. Our role is to protect airspace for our public use licensed airports. Because the way our airspace is set up, we have received eight new public-use airport license requests last year. We've had five new public-use heliport license requests this year; all in one county.

Mr. Smith discussed the unique design principles with wind turbines.

Vice Chair VanderVeen asked Mr. Smith to repeat how many are in the state now, and how many are anticipated. Mr. Smith responded saying that we now could have more than 200. The application requests could be misleading because we process all of them when they are submitted, but some could be duplicates. He anticipates that next year we could have another 200. Vice Chair VanderVeen asked if there is renewed interest in airport zoning. Mr. Smith said yes, it is a little easier to work with airports now with the zoning aspect.

Chairman Kavalhuna thanked Mr. Smith for this report. No action is needed on this issue.



E. Air Service Program

Chairman Kavalhuna asked Mr. Matt Brinker to give this report.

Mr. Brinker distributed a report to the Commissioners, and mentioned that this program hasn't been funded for approximately six years. Giving some background, the program was created in 1987. We started to notice that smaller communities were losing their commercial air service, airlines were going through an evolution after deregulation, and the industry was getting more of a private sector and fair market type of environment. We wanted to help ease that transition where, if there were airports that didn't necessarily have to have service, then they were probably looked at as not being as crucial; but we wanted to keep those airports as they had a vital role in the community and business. The program has helped many communities.

In 1991 we refocused on the program to tweak the goals and increase emphasis on encouraging economic growth and job creation. Now in 2012 this is still a vital and important goal. Michigan's unemployment rate continues to go down, but it is still above the national average. We want to continue with the program to keep communities accessible for economic development. In 1994 we expanded the program to allow cargo service airports to participate in our airport awareness category, which is one of three categories in the program. In 2005 we took another step that allowed cargo service airports to participate in the capital improvement and equipment category.

Mr. Brinker discussed the goals, objectives, and program categories of the program; this information is detailed in the guidelines given to the Commissioners.

The funding for the program is from state and local funds only, no federal funds are available. A small program is scheduled for this year, we only have \$100,000 available, but we hope to increase that to \$500,000 in 2013. In order to use this small amount of money we are asking the Commission to amend the Air Service Program Guidelines to limit the full participation in the program to those airports that enplane fewer than 100,000 passengers.

Mr. Brinker thanked the Commission for their attention and assistance with the program.

Chairman Kavalhuna thanked Mr. Brinker for the report.

Chairman Kavalhuna entertained a motion to change the Guidelines of the Air Service Program as reported by Mr. Brinker. Moved by Commissioner Adams and supported by Vice Chair VanderVeen to approve the plan as reported. The motion carried unanimously.

III. REPORTS

A. Supplemental Transfer – discussed earlier in the meeting.



B. MAC Director's Report

Chairman Kavalhuna asked MAC Director Mike Trout to give his report.

Director Trout thanked Mr. Smith and Mr. Brinker for the thoroughness of their reports. He mentioned that we are actively involved in finding a compatible balance between airspace and airport users, and the private businesses that want to achieve these goals for the state. He also pointed out that, on the Governor's Dashboard, passenger enplanements is the measure that aeronautics has, and funding affects our ability to impact that measure.

Director Trout began his presentation by outlining the main contents.

On the FAA reauthorization, as of today, the extension is now until February 17, 2012. We are hopeful that this will be the last extension, and that it is a multi-year bill.

There is an effort from NASAO for us to weigh in on the contract tower program; we do have some in Michigan. The FAA is looking at the feasibility of keeping them as contract towers. We will be writing a letter on behalf of the Department to support the continued operation of the contract towers.

Director Trout mentioned the aircraft fleet study; we now have a consultant that will be placed under contract to begin looking at our aircraft fleet. We will have a report ready for the legislature by the end of March. He briefly mentioned details of the study. We are hoping the report will justify keeping all our aircraft.

On performance measurement, we continue to focus on the issue. MDOT Director Kirk Steudle recently sent a letter to the legislature on the MDOT Scorecard. Each employee of Aeronautics has a role in us achieving our goals; those goals need to be identified.

Director Trout then gave Section updates. Starting with the Project Management Section, he discussed new projects, statewide paint marking, crack sealing, pavement condition index, tall structures, grant closeouts and sponsor contracts. He thanked John Mayfield and the FAA staff for starting a dialog on grants, block grants, closeouts, funding, etc. He briefly mentioned the FAA process meeting held in January.

For the Safety and Transport Section, Mr. Trout discussed pilot seminars, the AWOS system, VOR/DME, and flight ops.

Director Trout gave a budget update. For the aviation fuel tax revenue, comparing the first quarter of this year to the same quarter from last year, we are up about \$100,000. Looking at a five year average, the revenue has increased over the past three years, after two years of steady decline. However we are still well below the figures from ten years ago.



He also gave an update on the 2012 appropriation and aviation fuel tax.

Director Trout discussed a recent performance audit conducted by the Auditor General. This audit covered the period October 1, 2008 through June 30, 2011. Prior to this, the last audit was in November of 2004. This audit cited four audit objectives.

He recognized the Auditor General staff; their thoroughness and communication should be commended. They were professional throughout the process; he also thanked Jack Cotter, the Commission Auditor.

The four objectives and findings were discussed in detail:

Access the effectiveness of licensing function for flight schools and public airports.

Assess the effectiveness of governance of Department-owned airports.

Assess the effectiveness of efforts to provide services to pilots.

Assess compliance with State reporting requirements.

We generally agree with the findings.

On the flight school inspections, our realignment has addressed this issue. One hundred percent compliance has been and will be our goal. Some of the deficiency is from flight schools not submitting an application or perhaps us not following up. Going to an electronic process will help with this issue over time.

On the state report requirements, we have always believed that we were meeting this requirement through MDOT's financial reporting practices. We will now submit an annual report. There will be no problem in meeting this objective.

On the airport provisional licenses, this process has been ongoing. We agree with the audit finding and recommendation. The Office of Aeronautics will develop and establish the applicable policies and procedures.

On communication of known airport deficiencies to pilots, we will continue to follow federal requirements pertaining to the notification to pilots on information that might affect their decisions, plans, and actions, and will assess the feasibility of developing and efficiently implementing a process to make information regarding known airport licensing deficiencies more readily available to pilots.

Chairman Kavalhuna asked about the auditors; he wondered if they were pilots. Director Trout said no, but they seemed to have a genuine interest in aviation. He added that there is a balance on what the federal government requires and what we are required to do in



terms of reporting to pilots. He feels the auditors understood the issue, but felt we could do more. They now understand the process.

Commissioner Kamarainen asked who is conducting the fleet audit. Director Trout responded saying Holstein Aviation. The contract is being put into place; only one bid was received.

Director Kavalhuna mentioned that regarding the recommendation of audit finding no. 4, he finds it blatantly clear that the auditors don't understand what a pilot does with interacting with airports. He feels the Office of Aeronautics was given a negative report that it didn't deserve. As to the other issues from the audit, he understands the realignment, but he also recognizes the greatest asset that the office has, its human asset. He has no doubt in the professionalism, experience, and ability to continue to move forward as an office with reduced staff and assets and a continued need for the duties that this office produces. As the Commission Chair, he finds no reason to be alarmed, and has shared that opinion with the Director. He also wants to express his positive feelings on the way the office responded to the audit, and the plans to move forward. He thanked Director Trout for the report.

Vice Chair VanderVeen concurs with the comments. He added that it's also noteworthy that we were praised on the handling of the block grant program. There are only nine states in the nation that have the program. Director Trout mentioned that Mark Noel was recognized nationally for the work done on the block grant project. He also commented on the dedication of all staff.

Director Trout discussed recent and upcoming events.

Chairman Kavalhuna thanked Director Trout for his report.

C. Update on the General Aviation Committee (GA)

Chairman Kavalhuna asked Commissioner Kamarainen for his report.

Commissioner Kamarainen reported that they finished the application process for members; a roster was given to the Commissioners. This is a diverse group; some operate flight schools, both large and small, world-class charter operators, business aircraft, etc. They thought it was important to have representatives from the AOPA, the MBAA, and the MAAE on the Committee. He thanked Mr. Rick Hammond for helping with the application process. He spoke of a meeting with Director Trout and Mr. Baker on the block grant program. He also gave the reasons why it is important to get this committee started. His vision is to highlight three areas; agriculture, tourism and manufacturing. He recognized Eric Jaroch, a committee member present at the meeting, and thanked him for attending. The committee will have a recommendation by the end of the year. He is looking forward to working with the Commission.



Chairman Kavalhuna announced that the first GA Committee meeting is scheduled for Thursday, February 23, 2012, 2:30 p.m. in the Aeronautics Auditorium. This will be held immediately following the Airports Conference. He encouraged all to attend.

IV. PUBLIC COMMENT

Kent Maurer from the Jackson County Reynolds Field mentioned that they finished their first of two RSA projects. In appreciation, he and Mr. Steve Wellman presented tokens of appreciation to Director Mike Trout and John Mayfield, FAA.

There was no further public comment.

CLOSING

Chairman Kavalhuna thanked everyone for attending, and announced the next Commission meeting will be Thursday, March 22, 2012. This will be a joint meeting with the State Transportation Commission. The joint meeting will begin at 9:00 a.m., with the MAC meeting at 10:00 a.m.

The meeting was adjourned at 12:04 p.m.



Director



Chairman

Dated 3-22-12

